



A Better CT Institute

907 Wethersfield Avenue Hartford, CT 06114

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www.abetterctinstitute.org

To: Connecticut General Assembly Planning and Development Committee:

Representative Eleni Kavros DeGraw, Co-Chair

Representative Joseph H. Zullo,

Ranking Member

Representative Brandon Chafee,

Vice Chair

Members:

Senator Jan Hochadel

Senator Tony Hwang

Representative Aundre Bumgardner

Representative Michael D Agostino

Representative Cristin McCarthy Vahey

Representative Tom Delnicki

Representative Irene Haines

Representative Tami Zawistowski

Senator MD Rahman, Co-Chair

Senator Ryan Fazio,

Ranking Member

Representative Norman Needleman,

Vice Chair

Senator Rick Lopes

Representative Andre F. Baker

Representative Christine Conley

Representative Roland Lemar

Representative David Michel

Representative Dough Dubitsky

Representative Carol Hall

From:

Kim Forte,

Executive Director

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c/o The 4Cs 907

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Re: Testimony in Support of HB 5868: AN ACT AUTHORIZING MUNICIPALITIES TO IMPOSE A TAX ON THE ENDOWMENT FUNDS OF PRIVATE INSTITUTIONS OF HIGHER EDUCATION.

I am the Executive Director of A Better Connecticut Institute (ABCI). ABCI is a new non-profit that investigates, researches, and reports the sources of racialized income and wealth inequality in Connecticut. ABCI's mission is to create space, in person and electronically, to share



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knowledge with residents and policy makers about proactive progressive policies that will help build greater equity for all Connecticut residents. ABCI is a member of Recovery For All, a statewide coalition bringing together more than 60 community, faith, and labor organizations across Connecticut.

Researchers at MIT assert that to afford Connecticut, a person raising children must make approximately \$90,000 per year.¹ The median income for a family in New Haven is approximately \$44,000 and the median salary for individual is approximately \$24,000. In addition to insufficient incomes, New Haven residents face a property tax mill rate of 43.88. The median income for family in Middletown is \$62,000/year and for an individual it is \$35,000/year. Middletown taxpayers pay a mill rate of 35.7. The median household income in Hartford is approximately \$30,000/year and the median income for an individual is approximately \$23,500 year. Hartford taxpayers pay a mill rate of 74.29.

Across Connecticut, public schools are facing a staffing crisis in large part due to noncompetitive teachers' salaries; lack of funding to fill all necessary positions to provide all vital education that is needed; and the lack of investment in educators and the building the teach in. Connecticut is also facing an extreme nursing shortage in our mostly private hospitals in clinic due to noncompetitive salaries; forced overtime; and lack of state oversight of private health care mini monopolies. The state admits that individuals receiving insurance through the state's exchange are facing unaffordable costs.

In contrast – in 2022, Yale's endowment was \$41.4 billion². In 2022, Wesleyan's endowment was \$1.7 billion.³ In 2022, University of Hartford's endowment was valued at \$176.1 million dollars.⁴ These universities are major employers to thousands of CT residents, and they dominate the towns in which they exist. They are, of course, tax exempt and the nominal millions they give the towns where their university is housed pales in comparison to their annual endowment earnings. Using New Haven as an example, last year Yale's endowment increased by \$288 million in earnings.⁵ If the state allowed New Haven to tax Yale at the current rate of capital gains residents pay (7%) – that would provide New Haven a much needed \$20 million. If the state allowed municipalities to charge the lowest mill rate (11) in our state, a third of which

¹ <https://livingwage.mit.edu/states/09>

² <https://yaledailynews.com/blog/2022/10/24/yales-endowment-explained/#:~:text=Indeed%20the%20endowment%20just%20reached,long%20tested%20proprietary%20management%20model>.

³ <https://www.pionline.com/endowments-and-foundations/wesleyan-university-endowment-pool-soars-539-return>

⁴ <https://www.collegeconfidential.com/colleges/university-of-hartford/#:~:text=As%20of%202022%2C%20the%20total,spends%20about%20%2416%2C581%20a%20year>.

⁵ <https://news.yale.edu/2022/10/04/yale-reports-investment-return-fiscal-2022>



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private residents are paying and is enjoyed by our wealthiest of residents in Greenwich, New Haven would recoup a much needed \$46 million dollars.

As the second wealthiest state in the nation, Connecticut can afford to do many things. Unfortunately, the state is using that wealth in ways that aid our wealthiest but not the multi-racial working and middle classes in towns across the state. One thing Connecticut cannot afford to do any longer – is fail our children. HB 5868 is a well needed step toward equity as it gives power to local leaders to determine how incredibly wealthy universities must contribute to the municipalities' whose resources they take but do not pay back.